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FISCAL IMPACT STATEMENT

LS 7827

BILL NUMBER: SB 529

NOTE PREPARED: Jan 16, 2007

BILL AMENDED:

SUBJECT: Pipeline Construction Standards.

FIRST AUTHOR: Sen. Jackman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Pipeline Safety Division (Division) of the Utility Regulatory Commission, in consultation with the Department of Agriculture (Department), to adopt emergency rules to establish standards for the construction of pipelines that will be located in Indiana. The bill also requires the rules to be adopted not later than September 1, 2007. The bill requires the Division to consider adopting less burdensome or less costly standards for pipeline companies that locate a pipeline along existing rights of way or easements. This bill specifies certain standards that the rules must include. The bill also provides that the standards are not binding on affected landowners. This bill requires the Division to send a copy of the standards and other required information to: (1) a pipeline company that proposes to construct a pipeline in Indiana; and (2) all landowners affected by the proposed pipeline. The bill also requires: (1) the director of the division; and (2) the director of the Department; to designate one or more employees as project coordinators for each proposed or ongoing pipeline project. This bill requires the Division and the Department to make certain information available on their respective agencies' web sites.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill will increase the administrative costs of the both the Pipeline Safety Division (PSD) of the Utility Regulator Commission (IURC) and the Department of Agriculture (Department). It is estimated that all of the provisions of this bill could be implemented through the use of existing staff and resources available to the IURC and the Department.

The bill requires the IURC and the Department to work together to:

- (1) adopt certain rules and standards for pipeline safety;
- (2) notify pipeline companies and affected landowners about these rules and standards;

(3) publish these rules and standards along with contact information on the agency's website.

According to the January 15, 2007, State staffing report, the IURC had 4 vacant positions worth approximately \$71,000, and the Department had 30 vacant positions worth approximately \$1 M. In FY 2006, the IURC reverted \$665,000, while the Lieutenant Governor's Office, of which the Department is a part of, reverted \$2.9 M.

Background on IURC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately \$11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Utility Regulator Commission; Department of Agriculture.

Local Agencies Affected:

Information Sources:

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